

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 06025 021828Z

73

ACTION EUR-12

INFO OCT-01 ISO-00 EA-06 IO-10 OES-03 INT-05 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /112 W

----- 031143

R 021717Z JUL 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9191

INFO ALL EC CAPITALS 851

AMEMBASSY TOKYO

LIMITED OFFICIAL USE EC BRUSSELS 06025

E.O. 11652: N/A

TAGS: ETRD, EEC, EGEN, JA

SUBJECT: EC-JAPAN CONSULTATIONS AND CURRENT EC/JAPAN RELATIONS

REF: A) LONDON 9686

B) TOKYO 8669 (NOTAL)

C) TOKYO 8806 (NOTAL)

1. SUMMARY: THE CONSULTATIONS ON JUNE 16-17 BETWEEN THE EC COMMISSION AND JAPAN EMPHASIZED THE RAW MATERIALS/ENERGY COMPLEX. THE COMMISSION PRESSED JAPAN TO BE FORTHCOMING TO THE LDCS ON RAW MATERIALS AS A MEANS OF INDUCING A REASON-ABLE PRICE POLICY ON THE PART OF THE OIL PRODUCERS. WHILE BILATERAL TRADE ISSUES WERE LESS STRESSED THAN IN PAST MEETINGS, THE COMMISSION, CONSCIOUS OF CONSIDERABLE EUROPEAN SENSITIVITY TO JAPANESE IMPORTS, DID ARGUE THAT THE JAPANESE TRADE SURPLUS WITH THE EC SHOULD BE REDUCED. THE JAPANESE DISPLAYED ATTITUDES TOWARD THE MTNS THAT WERE SIMILAR TO THOSE OF THE EC, INCLUDING SKEPTICISM RE-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 06025 021828Z

GARDING "MINI-PACKAGES". THE COMMISSION IS NOT SURE

WHAT WILL COME OUT OF THE SEPARATE BUT RELATED JUNE 18-19 STEEL CONSULTATIONS. THE COMMISSION' IS WATCHING THE BRITISH REACTION TO PRESSURES FOR RESTRICTIONS OF JAPANESE (AND POSSIBLY OTHER) IMPORTS WITH NERVOUS INTEREST. END SUMMARY.

2. KRENZLER, THE CHIEF OF THE EC COMMISSION'S FAR EAST DIVISION, HAS GIVEN US A REPORT ON THE RECENT COMMISSION-JAPAN CONSULTATIONS, WHICH HE ATTENDED IN TOKYO. THE HEAD OF THE COMMISSION DELEGATION WAS WELLENSTEIN.

3. THE COMMISSION AIMED AT BROADER GAUGE DISCUSSIONS THAN THE CONSULTATIONS OF THE PAST, WHICH CONCENTRATED ON BILATERAL TRADE ISSUES. IT FELT IT SUCCEEDED, IN THAT RAW MATERIALS AND ENERGY WERE THE CENTRAL SUBJECTS OF THESE TALKS.

4. THE COMMISSION OUTLINED COMMISSION VIEWS ON THESE SUBJECTS, AS EXPRESSED IN A SERIES OF RECENT COMMUNICATIONS TO THE EC COUNCIL OF MINISTERS. THE JAPANESE, THE COMMISSION OFFICIALS FOUND, HAD NO CLEAR-CUT POSITION (THE JAPANESE MINISTER OF FOREIGN AFFAIRS DID NOT EVEN SEEM INTERESTED IN THE SUBJECT), AND KRENZLER SUSPECTS THE JAPANESE WOULD PREFER NOT TO BE FORCED TO TAKE A POSITION. ONLY 11 PERCENT OF JAPANESE RAW MATERIALS IMPORTS ARE FROM LDCS. THEREFORE, THE JAPANESE ARE DISINCLINED TO BE "FORTHCOMING" TO LDCS. HOWEVER, THE JAPANESE RECOGNIZE THAT THEY WILL BE FORCED TO TAKE POSITIONS IN UPCOMING INTERNATIONAL MEETINGS.

5. REGARDING ENERGY, THE JAPANESE GREATLY FEAR THAT OPEC WILL COME FORTH WITH ANOTHER PRICE RISE THIS AUTUMN AND THAT THIS COULD FRUSTRATE JAPAN'S, AND THE WORLD'S, ECONOMIC RECOVERY. THE COMMISSION SIDE ARGUED THAT SOME INCREASE WAS PROBABLY INEVITABLE BUT THAT THE PRICE OF PRODUCER MODERATION WAS A FORTHCOMING DC--CONSUMER ATTITUDE ON RAW MATERIALS. THE COMMISSION OFFICIALS THINK THIS POINT SUNK IN WITH THE JAPANESE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 06025 021828Z

6. THE JAPANESE, KRENZLER ADDED, WERE NOT KEEN TO FIX A FLOOR PRICE FOR OIL. THEY FELT THIS WAS A THEORETICAL ISSUE AT THIS TIME--THEY ARE CONCERNED BY THE REAL THREAT OF HIGHER MARKET PRICES. THEY HAVE NO DESIRE TO DISCUSS THIS CONCEPT AT THIS TIME, AND GENERALLY FEAR THAT A FLOOR PRICE, IF ESTABLISHED, WOULD SIMPLY RESULT IN HIGHER TRANSACTION PRICES.

7. WHILE BILATERAL ISSUES WERE DOWNPLAYED--THE EC, FOR EXAMPLE, DID NOT IN THESE CONSULTATIONS STATE ITS DESIRE FOR AN EC-JAPAN TRADE AGREEMENT CONTAINING A COMMUNITY SAFEGUARD CLAUSE--THE EC DID COMPLAIN ABOUT ITS \$2 BILLION BILATERAL TRADE DEFICIT. IT ASKED FOR ABOLITION OF JAPANESE NTBS IN THE TRANSPORT EQUIPMENT FIELD, ESPECIALLY JAPANESE TESTING PROCEDURES FOR AUTOMOBILES AND MARINE DIESEL ENGINES. THE JAPANESE RESPONDED BY RAISING EUROPEAN QRS.

8. AT THE TIME THE CONSULTATIONS TOOK PLACE, THE JAPANESE GOVERNMENT HAD JUST ANNOUNCED ITS "THIRD ROUND" REFLATION PROGRAM. THE JAPANESE ASSESSED ITS EFFECT AS EQUAL TO 1 PERCENT OF GNP. THE COMMISSION SIDE, MINDFUL OF THE BILATERAL DEFICIT AND OF THE LARGER MAGNITUDE (2-3 PERCENT OF GNP) OF COMPARABLE GERMAN AND DUTCH PROGRAMS, SUGGESTED THIS WAS NOT ENOUGH.

9. ON THE MTNS THE TWO SIDES DISPLAYED SIMILAR VIEWS EXCEPT ON SAFEGUARDS, WHERE THE EC IS IN THE PROCESS OF SHIFTING ITS POSITION TO A FIRM ENDORSEMENT OF A MORE FLEXIBLE AND SELECTIVE SAFEGUARD SYSTEM, AND JAPAN IS OPPOSED TO ANY CHANGES. IN EXPECTATION OF AMBASSADOR DENT'S VISIT (REF C), THE "MINI-PACKAGE" CONCEPT WAS DISCUSSED. THE JAPANESE WERE VERY CAUTIOUS ABOUT EXPRESSING THEIR VIEWS. THEY SEEMED INCLINED TO FEEL THAT IF THERE WERE ANYTHING TO "PACKAGE", THIS SHOULD BE DONE--BUT THEY HAD STRONG DOUBTS AS TO WHETHER ANY INDIVIDUAL AGREEMENTS WERE LIKELY IN THE NEAR TERM.

10. KRENZLER'S, ACCOUNT OF THE STEEL CONSULTATIONS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 EC BRU 06025 021828Z

OF JUNE 18-19 CORRESPONDS WELL WITH THE REPORT IN REF B. THE KEY POINT, FROM HIS POINT OF VIEW, WAS JUST WHAT WOULD COME OF THE DISCUSSIONS THAT MITI WAS TO HOLD WITH THE JAPANESE STEEL INDUSTRY IN AN EFFORT INFORMALLY TO ENCOURAGE RESTRAINT; HE FELT THE OUTCOME WAS QUITE UNPREDICTABLE.

11. KRENZLER OBSERVED THAT THERE WERE GROWING PROTECTIONIST PRESSURES WITHIN THE COMMUNITY, LARGELY THOUGH CERTAINLY NOT WHOLLY AIMED AT JAPANESE PRODUCTS. SO FAR CERTAIN "SURVEILLANCE" (LICENSING) PROCEDURES HAVE BEEN INSTITUTED; HE NOTED THAT THESE COULD LEAD TO QUOTAS IF THE SURVEILLANCE REVEALED DISRUPTIVE IMPORT GROWTH.

12. ON ONE SPECIFIC CASE, TV TUBE IMPORTS INTO THE UK, KRENZLER NOTED THAT DURING THE TRANSITION PERIOD ANTIDUMPING PROCEDURES ARE IN THE DOMAIN OF THE BRITISH GOVERNMENT. HOWEVER, HE HAD THE IMPRESSION, ON THE BASIS OF DOCUMENTS HE HAD SEEN, THAT IT WOULD NOT BE POSSIBLE TO MAKE A DUMPING CASE. HE FELT THE PROBLEM WAS ESSENTIALLY THE NON-COMPETITIVENESS OF THE BRITISH INDUSTRY; HE NOTED THAT JAPAN WAS NOT THE ONLY EXPORTER TO THE UK--THE US, HE SAID, WAS A BIGGER SUPPLIER OF TV TUBES. HE DID NOT EXCLUDE A BRITISH MOVE, WITHIN THE NEXT FEW MONTHS, TO IMPOSE IMPORT QUOTAS, EITHER IN CASES SUCH AS TV TUBES OR MORE GENERALLY, PERHAPS AS A GESTURE TO THE TRADE UNIONS TO ENCOURAGE THE LATTER TO COOPERATE ON WAGE POLICY. IF SO, THE UK WOULD HAVE TO ASK FOR COMMUNITY APPROVAL, WHICH WOULD POSE A NICE POLITICAL PROBLEM FOR THE COMMISSION AND OTHER MEMBER STATES. GREENWALD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, LESS DEVELOPED COUNTRIES, MINISTERIAL VISITS, MEETING REPORTS, ECONOMIC PROGRAMS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU06025
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750229-1157
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750789/aaaadbhq.tel
Line Count: 187
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 LONDON 9686
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by SmithRJ>; APPROVED <03 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC-JAPAN CONSULTATIONS AND CURRENT EC/JAPAN RELATIONS
TAGS: ETRD, EGEN, JA, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006